

18 NOV 1949

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TOP SECRET

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EUROPE

1. BULGARIA: Effects of purges in Bulgaria--US Minister Heath reports that the "ceaseless" purges in all ranks of the Bulgarian Communist Party, as well as present indications that these purges will continue, have brought the entire Communist structure "not too far removed from panic." According to Heath, Bulgarian Communist officials "in all echelons" are now filled with unprecedented anxiety, fear, and mutual distrust. Heath believes that, although a majority of Bulgarian Communists would welcome a greater degree of independence from the Kremlin, the USSR took measures to ensure that no organized threat emerged and that now not even the basis for an organized plot exists. In Heath's opinion, despite the arrest of potential deviationists, the swell of Bulgarian resentment against the Kremlin will continue as long as Tito holds out and life in Bulgaria remains hard and insecure. Heath doubts that resentment against the Kremlin can at this time be developed into a Titoist rebellion, but points to the opportunities for exploiting the schism in the Communist Party by means of a vigorous program of US and Yugoslav broadcasts to Bulgaria. Heath recommends also that an anti-Communist passive resistance network within Bulgaria be established through aid and counsel to refugee resistance organizations abroad.

FAR EAST

2. CHINA: Nationalist withdrawal from Chungking--US Charge Strong in Chungking reports that a high policy decision regarding the future location of the National Government is likely in the immediate future and that Taiwan will probably be selected. Strong believes this

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NO CHANGE in Class. ☐

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decision will mean the "end of the Chinese Government as presently constituted" and suggests that Acting President Li is probably staying away from Chungking because he does not want to associate himself with such a decision. Strong adds that in his opinion Li will thereby lose any chance of setting up a government elsewhere on the mainland.

3. KOREA: Defenses may be jeopardized--US Ambassador Muccio transmits his opinion that increased prices and altered availability policies adopted for the Military Aid Program (MAP) in Korea will cause US aid to fall short of the minimum requirements outlined in original estimates and will seriously jeopardize the entire US effort in Korea by weakening military support to the Korean security forces. Muccio points out that failure to provide proper and adequate military aid will leave the Republic of Korea open to aggression by the steadily expanding Communist forces in North Korea. Muccio comments further that the South Korean forces are now "seriously checkmated" due to lack of normal replacements for major military items and adds that reductions in MAP supplies would also "kill the possibility" of strengthening the Coast Guard which is now wholly incapable of performing its mission. The Ambassador strongly recommends that pricing and availability policies be reviewed and adjusted to give Korea at least the modest requirements considered to be the irreducible minimum for protecting US interests in Korea.